



## Webinar to present and Discuss

### The EU Budget and Gozo

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## The EU Budget and Gozo

First of all I would like to thank the European Commission Representation here in Malta, and the Gozo NGO Association for this well organised webinar.

As an association representing Gozitan businesses the multi annual financial framework has significant importance for us. The EU budget is no like other budget. Why? It is not concentrated on one year, but it is a long term budget spanning a number of years. Moreover, it is tied to a number of priorities which provide the direction and objectives which guide the spending of this money. This year it had more meaning, as we were also speaking about the challenges related to the COVID-19 pandemic and its aftermath.

On the 21<sup>st</sup> July 2020 it was announced that Malta had negotiated a package worth € 2.25 billion over the next seven years. This included €1.923 billion from the EU's budget (core MFF), as well as €327 million from the grants of the newly established Recovery Instrument, known as Next Generation EU.<sup>1</sup>

Though we as a Chamber are focused and located here in Gozo, in discussing this topic my mind goes also to other islands in the European Union. The Chamber is a member and presently also holds the Presidency of INSULEUR (the Network of Insular Chambers of Commerce and Industry of the European Union). This means that this year we had various communications both with the Heads of the European Institutions, and also the Members of the European Council, to strive so that the EU's recovery instrument, Next Generation EU, and the multi annual financial framework tackle the needs of islands.

The benefit of being part of a community such as the European Union, is that we can act as one voice not only on a local level but also at a community level.

The role of Civil Society in all this is very important. Despite our size we can all contribute actively. Our role within INSULEUR is a testimony to this.

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<sup>1</sup> Department of Information, *PR201382en: Press Release by the Office of the Prime Minister Exceptional Result for Malta in the Multiannual Financial Framework (MFF) 2021 – 2027 and the Recovery Instrument – The Largest ever allocation earmarked for Malta - € 2.25 billion* (online) : <https://www.gov.mt/en/Government/DOI/Press%20Releases/Pages/2020/July/21/pr201382en.aspx> [accessed 03 December 2020].

How will this money be spent? It was already indicated that a minimum of 10% of the allocation under Cohesion Policy and Agriculture will be earmarked for Gozo.<sup>2</sup>

This is more than reasonable. Gozo is part of an archipelago of islands. Though the main island of Malta also faces the challenges related to insularity, Gozo faces the challenges of double insularity as it has no direct accessibility to the international markets, as the international gateways both for goods and people are found in Malta.

As a Chamber we were invited to highlight Malta's spending priorities, within this budget, by participating in various committees in the Stakeholder Consultation Process on Malta's Partnership Agreement and Operational Programmes covering the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund plus (ESF+) for the 2021-2027 period between January and February of this year.

One of these meetings tackled accessibility and I had highlighted the importance of reviewing our port infrastructure if we are to increase the maritime services to Gozo given the saturation currently experienced at the port of Mġarr. We also participated actively in a specific meeting that was also in Gozo in August of this year as part of that process. During that meeting I had highlighted the importance of digitalisation. Given the investment already done also through EU funds for the second fibre optic link between the two islands, and the Digital Innovation Hub in Gozo, the next steps when outlining the spending priorities should be to create the right conditions for companies in the digital sector to come to Gozo. Accessibility has many facets. The COVID-19 pandemic has shown that islands such as Gozo are over reliant on certain sectors such as tourism. While tourism is important, the priority now should be to diversify our island economies.

The EU's long term budget coupled with the Next Generation EU, which is a temporary instrument, will be the largest stimulus package ever financed through the EU budget. More than 50% will support amongst other things: (a) research and innovation, via Horizon Europe; and (b) fair climate and digital transitions, via the Just Transition Fund and the Digital Europe Programme.<sup>3</sup>

Apart from the economic, infrastructural, and human resources limitations islands are also the most impacted regions from the effects of climate change. Despite contributing only to a minimal part to the global carbon dioxide emissions they are disproportionately affected by the effects of climate change, which include among other things: rising sea levels, coastline erosion, loss of biodiversity, and infrastructure destruction.

Consequently, we need to ensure that islands such as Gozo become more sustainable, by diversifying their economies. However, we need them also to become more resilient in the face of the effects of climate change. Thus it is important that the multi-annual financial framework within this context will focus on implementing the European Union's vision for the Green Deal, which is that of making Europe carbon neutral by 2050. As a Chamber we believe in this vision, and we are in fact

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<sup>2</sup> Ibid.

<sup>3</sup> Recovery Plan for Europe (online) : [https://ec.europa.eu/info/strategy/recovery-plan-europe\\_en](https://ec.europa.eu/info/strategy/recovery-plan-europe_en) [accessed 26 November 2020].

participating in a Horizon 2020 project, entitled **MAESHA** (deMonstration of smArt and flExible solutions for a decarboniSed energy future in Mayotte and other European islAnds ) whereby we will be able to study the initiatives taken towards decarbonisation in another European island and see how these can be implemented in the island of Gozo. Indeed islands such as Gozo can be incentivised to become carbon neutral earlier.

Indeed, united we can make a difference and the Chamber believes that by actively voicing our proposals both at a national and international level, much can be gained, to direct further spending on islands such as Gozo.

Thanks once again for the opportunity provided.

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